Lockheed Martin Corp v Raytheon Co

HIGH COURT (KUALA LUMPUR) — ORIGINATING MOTION NO D5(IP)25–9 OF 2008
AZAHAR MOHAMED J
2 NOVEMBER 2009

Trade Marks — Registered trademark — Expungement — Application for — Whether respondent had right to register trademark — Whether Malaysian trademark law territorial in nature — Whether respondent's registered trademark factually distinctive under s 10(2A) of the Trade Marks Act 1976 — Trade Marks Act 1976 ss 10(1), (2A) & 45

The respondent was a company that had been manufacturing and supplying laser-guided bomb kits ('LSG kits') under a particular trademark, namely PAVEWAY, to the Malaysian government since the 1970s. On 1 August 2005 the respondent had applied to register the PAVEWAY trademark in Malaysia. On 29 December 2007, the PAVEWAY trademark ('the registered trademark') was granted by the Malaysian Trade Mark Registry. The applicant who was a manufacturer and distributor of paveway-variant LSG kits claimed that the term PAVEWAY was not capable of being registered as a trademark within the meaning and the purpose of the Trade Marks Act 1976 ('the Act'). Thus, the applicant as an aggrieved person applied under s 45 of the Act for an order that the registered trademark be expunged and removed from the Register of Trade Marks, Malaysia. The main contention of the applicant was that the registered trademark did not come within any of the subsections of s 10(1) of the Act and was therefore erroneously registered by the registrar. The applicant submitted that the term 'paveway' was synonymous with LSG kits because the term 'paveway' meant technology that used lasers to guide a bomb to a target. As such the applicant contended that the registered trademark was directly descriptive of the respondent's goods and did not fulfill the requirements under s 10(1)(d) of the Act at the time of the application. The applicant also argued that a significant number of consumers in the relevant market did not identify the term 'paveway' as the respondent's goods and that therefore the registered trademark did not come under s 10(1)(e) of the Act that allowed a mark to be registered if it had 'any other distinctive mark' as defined in s 10(1)(2A) of the Act. The respondent submitted that it was the first and sole user of the registered trademark in Malaysia since 1983 and internationally since 1970; that the PAVEWAY trademark was registered validly and conclusively by the respondent in accordance with all the provisions of the Act as a distinctive word, not

descriptive of its goods; that the registered trademark was never a generic term from the time it was registered in Malaysia to date. As such the respondent contended that the registered trademark could not be removed because no other party other than the respondent had used the registered trademark for LGB kits in Malaysia.

Held dismissing the applicant's motion with costs:

(1) The respondent's averment that it had sold 150 PAVEWAY LGB kits bearing the registered trademark to the Malaysian government since 1983 was sufficient evidence that it was the first common law user of the registered trademark in Malaysia. As the first person to use the trademark it was therefore the proprietor of that mark (see para 26).

(2) It is clear on principle and on authority that Malaysian trademark law is territorial in nature. As such, the appropriate test was whether the registered trademark was generic in Malaysia and not whether it was generic in other countries. The applicant had not produced any evidence that the registered trademark was perceived to be generic in Malaysia. The factual evidence showed that the registered trademark was only used in Malaysia in connection with the respondent's goods. Thus it could not be said that the registered trademark was or had become generic or was descriptive of the goods (see paras 29 & 34).

(3) In order for a trademark to be 'capable of distinguishing' under s 10(2A) of the Act, it must be inherently distinctive or factually distinctive. In the present case, the relevant date at which the registered trademark must be distinctive is at the date of the application of the registered trademark, namely 1 August 2005. Bearing in mind that the Malaysian trademark law is territorial in nature, the respondent's registered trademark is factually distinctive under s 10(2A) of the Act because, inter alia, the respondent was and still is the only manufacturer and distributor of LGB kits in Malaysia. Further the respondent had taken all steps possible to ensure that the registered trademark did not become common and the mark remained inherently distinctive and did not become generic (see paras 37–39).

[Bahasa Malaysia summary

Responden adalah sebuah syarikat yang membuat dan membekalkan peralatan bom berpandukan laser ('alat-alat LSG') di bawah satu tanda niaga tertentu, iaitu PAVEWAY, untuk kerajaan Malaysia sejak tahun 1970an. Pada 1 Ogos 2005 responden memohon untuk mendaftar tanda niaga PAVEWAY di Malaysia. Pada 29 Disember 2007, tanda niaga PAVEWAY ('tanda niaga berdaftar tersebut') telah dibenarkan oleh Pendaftaran Tanda Niaga Malaysia.

Pemohon yang merupakan seorang pengeluar dan pengedar peralatan LSG 'paveway' yang berlainan mendakwa bahawa terma PAVEWAY tak boleh didaftarkan sebagai satu tanda niaga dalam maksud dan tujuan Akta Cap Dagangan 1976 ('Akta tersebut'). Oleh itu, pemohon sebagai pihak terkilan memohon di bawah s 45 Akta tersebut untuk satu perintah bahawa tanda niaga berdaftar tersebut dipadamkan dan dikeluarkan daripada Daftar Tanda Niaga, Malaysia. Pertikaian utama pemohon adalah bahawa tanda niaga berdaftar tersebut tidak termasuk dalam mana-mana subseksyen-subseksyen s 10(1) Akta tersebut dan oleh itu dengan salahnya didaftarkan oleh pendaftar. Pemohon menghujah bahawa terma 'paveway' adalah sinonim dengan peralatan LSG kerana terma 'paveway' bermaksud teknologi yang menggunakan laser untuk mengarahkan sebutir bom kepada satu sasaran. Oleh itu pemohon menghujahkan bahawa tanda niaga berdaftar tersebut adalah secara langsung menggambarkan barangan responden dan tidak menepati syarat-syarat di bawah s 10(1)(d) Akta tersebut pada masa permohonan. Pemohon juga menghujahkan bahawa ramai pengguna dalam pasaran berkaitan tidak mengenali terma 'paveway' sebagai barangan responden dan oleh itu tanda niaga berdaftar tersebut tidak termasuk dalam s 10(1)(e) Akta tersebut yang membenarkan satu tanda untuk didaftarkan jika ia mempunyai 'any other distinctive mark' seperti yang didefinasikan dalam s 10(1)(2A) Akta tersebut. Responden menghujahkan bahawa ia adalah pengguna pertama dan tunggal tanda niaga berdaftar tersebut di Malaysia sejak 1983 dan di seluruh dunia sejak 1970; bahawa tanda niaga PAVEWAY itu telah didaftarkan dengan sah dan pasti oleh responden selaras dengan semua peruntukan-peruntukan Akta tersebut sebagai satu perkataan yang tersendiri, tidak menggambarkan barangnya; tanda niaga berdaftar tersebut bukanlah satu terma generik dari masa ia didaftarkan di Malaysia sehingga kini. Oleh itu responden menghujahkan bahawa tanda niaga berdaftar tersebut tidak boleh dikeluarkan kerana tiada pihak, selain responden yang telah menggunakan tanda niaga berdaftar tersebut untuk peralatan LGB di Malaysia.

Diputuskan, menolak usul pemohon dengan kos:

(1) Kenyataan responden bahawa ia telah menjual 150 peralatan PAVEWAY LGB yang mempunyai tanda niaga berdaftar tersebut kepada kerajaan Malaysia sejak 1983 merupakan bukti yang mencukupi bahawa ia adalah pengguna *common law* tanda niaga berdaftar tersebut yang pertama di Malaysia. Sebagai orang pertama yang mengunakan tanda niaga tersebut maka ia adalah tuan punya tanda tersebut (lihat perenggan 26).

(2) Adalah jelas berdasarkan prinsip dan autoriti bahawa undang-undang tanda niaga Malaysia bersifat kewilayahan. Oleh itu, ujian yang sesuai

adalah sama ada tanda niaga tersebut adalah generik di Malaysia dan bukan sama ada ia generik di negara-negara lain. Pemohon tidak mengemukakan sebarang bukti bahawa tanda niaga berdaftar tersebut telah dianggap sebagai generik di Malaysia. Fakta-fakta membuktikan bahawa tanda niaga berdaftar tersebut hanya digunakan di Malaysia berkaitan dengan barangan responden. Oleh itu tidak boleh dikatakan bahawa tanda niaga berdaftar tersebut adalah atau telah menjadi generik atau menggambarkan barangan tersebut (lihat perenggan 29 & 34).

(3) Bagi satu tanda niaga menjadi 'capable of distinguishing' di bawah s 10(2A) Akta tersebut, ia mestilah secara semulajadinya bersifat tersendiri atau pada hakikatnya bersifat tersendiri. Dalam kes ini, tarikh relevan tanda niaga berdaftar tersebut mesti bersifat tersendiri adalah pada tarikh permohonan tanda niaga berdaftar, iaitu 1 Ogos 2005. Harus diingati bahawa undang-undang Malaysia adalah bersifat kewilayahan, tanda niaga berdaftar responden pada hakikatnya bersifat tersendiri di bawah s 10(2A) Akta tersebut disebabkan, antara lain, responden adalah dan masih merupakan satu-satunya pengeluar dan pengedar peralatan LGB di Malaysia. Selanjutnya responden telah mengambil semua langkah yang mungkin untuk memastikan bahawa tanda niaga berdaftar tersebut tidak menjadi sesuatu yang biasa dan tanda itu kekal bersifat tersendiri dan tidak menjadi generik (lihat perenggan 37–39).]

Notes

For cases on expungement of registered trademark, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2127–2142.

Cases referred to

Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd [1997] 4 MLJ 360; [1997] 2 AMR 1197, HC (refd)

Impex Electrical Ltd v Weinbaum and In the Matter of Trade Marks of Impex Electrical Ltd [1927] 44 RPC 405, CA (folld)

Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7, CA (refd)

McLaren International Ltd v Lim Yat Meen [2007] 7 MLJ 581; [2008] 1 CLJ 613, CA (refd)

Rainforest Coffee Products Pte Ltd v Rainforest Cafe, Inc [2000] 2 SLR 549, CA (refd)

Wembley Gypsum Products Sdn Bhd v MST Industrial Systems Sdn Bhd [2007] 7 MLJ 193; [2007] 6 CLJ 228, CA (refd)

Yong Sze Fan & Anor v Sharifah bt Mohd Tamin & Ors [2008] 7 MLJ 803, HC (refd)

Legislation referred to

Trade Marks Act 1976 ss 10(1), 10(1)(a), (b), (c), (d), (e), (2A), 45, 45(1)

Bahari Yeow (Foong Cheng Leong with him) (Lee Hishamuddin Allen & Gledhill) for the applicant.
Eow Kean Fatt (Jeffri Cheong with him) (Skrine) for the respondent.

Azahar Mohamed J:

[1] The present case is concerned with one of our intellectual property laws employed to protect trademarks. This case is concerned with the selling of laser-guided bomb kits under a particular trademark, namely PAVEWAY. These are sophisticated military armaments which are not available to the general public. The government is the only potential purchaser.

[2] By this originating motion in encl No 1, Lockheed Martin Corp ('the applicant') is seeking the following reliefs against Raytheon Co ('the respondent'):

(a) an order that the Trade Mark Registration No 05012716 for 'PAVEWAY' ('registered trademark') be expunged and removed from the register of trademarks, Malaysia;

(b) that the costs of this application be borne by the respondent; and

(c) such further and other reliefs as this court sees fit.

[3] The grounds in support of the motion can be summarised as follows. The applicant is an aggrieved person as the respondent is the registered proprietor of the term 'PAVEWAY', a term which is descriptive of the product. The term 'PAVEWAY' is not capable of being registered as a trademark within the meaning and the purpose of the Trade Marks Act 1976 ('the Act'); and the entry of the registered trademark was made without sufficient cause and it is wrongful for the registered trademark to remain in the register.

[4] Before I state the rival contentions of the parties it is useful to make a note that the applicant's application is pursuant to s 45(1) of the Act. I will quote briefly the portion that is relevant to the current discussion:

> Subject to the provisions of this Act, the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit.

[5] Another relevant provision is s 10(1) of the Act, which provides the basis for registration of a trademark as follows:

> In order for a trade mark (other than a certification trade mark) to be registrable, it shall contain or consist of at least one of the following particulars:
>
> (a) the name of an individual, company or firm represented in a special or particular manner;
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> (b) the signature of the applicant for registration or of some predecessor in his business;
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> (c) an invented word or words;
>
> (d) a *word having no direct reference to the character or quality of the goods or services* not being, according to its ordinary meaning, a geographical name or surname; or
>
> (e) *any other distinctive mark*. (Emphasis added.)

[6] The main contention of the applicant is that the registered trademark, namely 'PAVEWAY' does not come within any of the subsections of s 10(1) of the Act.

THE APPLICANT'S CASE

[7] The applicant is, amongst others, a manufacturer and distributor of paveway-variant laser guided bomb ('LGB') kits and paveway laser guided training rounds. A 'paveway' LGB consists of a computer control group ('CCG') and an airfoil group ('AFG'), each of which is attached by the soldiers in the field to an otherwise unguided explosive bomb. The 'paveway' kit is the computer control group and the airfoil group, which work together to provide guidance and flight control. The CCG and the AFG, together with an otherwise 'dumb' bomb, create a 'smart bomb'.

[8] Both the applicant and the respondent make the CCG and the AFG which are part of a paveway II kit. The CCG and the AFG made by one company is interchangeable with the part made by the other company.

[9] A 'paveway' laser guided training round is a single-unit projectile used for military training. It has the flight characteristics of the paveway II LGB, but does not explode on impact with a target. Only the applicant has ever made these paveway II training rounds.

[10] It is the applicant's contention that the term 'paveway' itself means a technology that primarily uses laser to guide a bomb to a target.

[11] The applicant has provided information about its paveway kits and laser guided training rounds to officials in Malaysia. All LGB kits sold and produced in the United States of America are paveways. They are the most used LGBs in the world. The only LGB kit ever sold or offered for sale in Malaysia is paveway LGB II kit.

[12] Paveway II LGBs kits are military goods which are not marketed in a manner which is similar to consumer goods. Any direct sale of the same must be approved by the US government. The US government will also sell the products to other governments.

[13] From the time of their development by the respondent's predecessor, namely Texas Instruments, until about 2002, the respondent was the only authorised producer of the paveway II kits. The applicant has since 2001 and 2002 qualified to produce paveway II LGBs for the United States Navy and United States Air Force and had been producing and selling the same to other countries.

[14] Very briefly stated the submissions of learned counsel for the applicant are as follows. The registered trademark is registered for 'laser guided bombs kits in Class 13' ('applicant's goods'). The term 'paveway' has a direct reference to the character of the respondent's goods and is descriptive of the applicant's goods which directly contradict s 10(1)(d) of the Act. In deciding whether a particular trademark has direct reference to the character or quality of goods in question, the court in *Rainforest Coffee Products Pte Ltd v Rainforest Cafe, Inc* [2000] 2 SLR 549 cited para 8–29 of *Kerly's Law of Trademarks and Trade Names*, 12th Ed para 44 as follows:

> According to the learned authors of *Kerly's* (at pp 88–89 p 8-29), the equivalent section in the 1938 Act (s 9(1)(d)) defines what is and for many years has been commercially by far the most important category of trademark, yet decisions by the courts on these words have not been very numerous. Of those that exist few are of any value as laying down any definite principle; nor would they seem to imply any very consistent practice. The authors postulate that one reason may lie in the fact that almost every immediately attractive trademark is in some sense descriptive or laudatory of the goods or services in question, and so in some degree has reference to their character or quality. The difficulty, they then say, is to decide whether that reference is a direct reference; one that seriously affects the word's capacity for distinguishing goods or services from a particular source, as distinct from the sort of reference that can be found only as an academic exercise, citing *Tastee Freez International*'s application [1960] RPC 255 at p 258 in support. In their opinion, this is at best a somewhat metaphorical question and one depending ultimately upon the reaction of the public to the chosen word.

[15] According to learned counsel the term 'paveway' is clearly descriptive of the applicant's goods and the facts which are alleged to be relevant are as follows. First, all LGB kits sold and produced in the United States of America are paveways. They are the most used LGBs in the world. Secondly, 'paveway' is synonymous with 'laser guided bomb kit'. 'Paveway' itself means the technology that primarily uses lasers to guide a bomb to a target. Thirdly, the US government even established a performance specification for LGB manufacturers to comply before their products can be considered as 'paveway' goods. Fourthly, a 'paveway' laser guided training round is a single unit projectile used for military training. It has the flight characteristics of the paveway II LGB, but does not explode on impact with a target. Fifthly, the respondent's predecessor had made a statement that 'paveway' has become synonymous with laser-guided bombs. Sixthly, there are evidence to show that the term 'paveway' is used side by side with LGB and/or LGB kits. Seventhly, the term 'paveway' has been used in substitution of the word LGB and/or LGB kits.

[16] Hence, learned counsel argued that the registered trademark contradicts s 10(1)(d) of the Act as it is directly descriptive of the respondent's goods. Based on the above submission, learned counsel argued that the registered trademark does not fulfill the requirements under s 10(1)(d) of the Act at the time of the application.

[17] Furthermore, learned counsel argued that the registered trademark does not as well come under s 10(1)(e) of the Act that allows a mark to be registered if it has 'any other distinctive mark' as defined in s 10(2A) of the Act. Learned counsel then argued that the registered trademark is not distinctive based on the evidence produced by the applicant, it is clear that the term 'paveway' is not distinctive of the respondent's goods as it is a term which the applicant desire to use or has used for its own goods and a significant number of consumers in the relevant market does not identify the term 'paveway' as the respondent's goods.

[18] As a final point, learned counsel argued that the registered trademark does not cover within any one of s 10(1)(a)–(e) of the Act. Thus the applicant has established a legal basis for this court to exercise its jurisdiction under s 45 of the Act to remove the registered trademark which is erroneously registered by the registrar.

THE RESPONDENT'S CASE

[19] The respondent is a corporation in the business of research, manufacture, supply and distribution of products in integrated defence systems, intelligence and information systems, missile systems, space and

airborne systems and network centric systems. They also have been manufacturing and producing the PAVEWAY LGB kits since the 1970s.

[20] On 1 August 2005, the respondent applied for trademark registration in respect of the PAVEWAY trademark in Malaysia in respect of the said goods. On 29 December 2007, the PAVEWAY trademark was granted by the Malaysian Trade Mark Registry. The PAVEWAY trademark was coined by Texas Instruments ('TI'), predecessor in interest to the respondent around 1964. As TI was the respondent's predecessor in interest, the PAVEWAY trademark was validly transferred from TI to respondent.

[21] Up until the year 2002, the respondent was the sole, exclusive provider of LGB kits to the US government and had at all times sold the LGB kits under the PAVEWAY trademark. For over thirty years, TI and the respondent were the single source of LGB kits marketed under the PAVEWAY trademark. The respondent had applied for and owns numerous international registrations for the PAVEWAY trademark. The respondent's LGB kits bearing the PAVEWAY trademark has been the leader in precision guided weapons for more than a century and it is the most successful and lowest cost air to ground weapon system available.

[22] The submissions of learned counsel for the respondent against the present application can be summarised as follows. The respondent is the first and sole user of the PAVEWAY trademark in Malaysia since 1983 and internationally since 1970. This factual situation prevents the PAVEWAY trademark from being expunged. The PAVEWAY trademark was registered validly and conclusively by the respondent in accordance with all provisions of the Act as a distinctive word, not descriptive of its goods. The PAVEWAY trademark was never a generic term at the point of registration in Malaysia and continues to remain a non-generic term at the time of proceedings as the applicant has admitted that they have never sold their goods in Malaysia. Trademark law is territorial in nature. Hence only use of the PAVEWAY trademark in Malaysia is relevant. If there has been no use by any other person of the PAVEWAY trademark in Malaysia, it is impossible for the PAVEWAY trademark to have become generic or to have lost its distinctiveness. The PAVEWAY trademark cannot be removed unless the applicant can show blameworthy conduct on the part of the respondent in causing the PAVEWAY trademark to become generic. The PAVEWAY trademark cannot be removed because no other party uses the PAVEWAY trademark for LGB kits in Malaysia except for the respondent.

[23] To end his submission, learned counsel reiterated his argument that the PAVEWAY trademark was registered validly and conclusively in accordance with all provisions of the Act as a distinctive word, not descriptive

of its products. For this reason, he urged this court to dismiss the applicant's motion.

FINDINGS OF THE COURT

[24] The affidavit evidence shows that the respondent first started using the PAVEWAY trademark in accordance with the definition of 'use' of the Act throughout the world from as early as 1972 up until present day. The respondent's use of the PAVEWAY trademark since 1972 includes use in connection with among others, all the respondent's promotional and advertising material, internal material, journals and technical document. The respondent has sold billions of dollars worth of PAVEWAY LGB kits to over 40 countries and has extensively promoted it in over 60 countries.

[25] Learned counsel for the respondent argued that the respondent had first used the PAVEWAY trademark in Malaysia in 1983 as it has been selling its LGB kits bearing the PAVEWAY trademark to the Malaysian government. Learned counsel for the respondent has drawn to my attention to the affidavit of the respondent affirmed on 7 August 2008 by Mr Benjamin J Ford, the director of International Business Development/Strike Weapons of the respondent to the effect that the respondent had first used the PAVEWAY trademark in Malaysia in 1983 and it had sold over 150 PAVEWAY LGB kits in Malaysia to date (see encl 5, paras 18 & 19). On the other hand, learned counsel for the applicant argued that the respondent did not produce any cogent evidence to show any sale of the PAVEWAY LGB kits or even use of the term 'PAVEWAY' as a trademark in Malaysia. In this regard, the affidavit of the applicant affirmed on 18 November 2008 by Mr Joseph Michael Serra, the senior program manager, Precision Guided Systems of the applicant denied the respondent's averment about the sales of the 150 PAVEWAY LGB kits in Malaysia (see encl 10, para 9). For that reason, learned counsel for the applicant argued that the respondent has failed to discharge its burden.

[26] In my view the averment in the respondent's affidavit to the effect that the respondent has sold over 150 PAVEWAY LGB kits bearing the PAVEWAY trademark to the Malaysian government since 1983 is, I think, sufficient evidence to support its contention that the respondent is the first common law user of the PAVEWAY trademark in Malaysia, even though details about the sales were not disclosed. I do not think the detail of the sales is at all material. In *Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd* [1997] 4 MLJ 360; [1997] 2 AMR 1197 it was held that according to the common law the first person who uses a trademark becomes the proprietor of that mark even though he did not acquire a reputation in the market or for that matter a distinctive character. In applying the common law principle, the

applicant was the first person to use the trademark in this case, and must therefore be the proprietor of that mark.

[27] Further on this point, our Court of Appeal in *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 held at p 30:

> Gurdip Kaur (the proprietor of the Hummel (M) mark filed her application under s 25 of the Act. She claimed to be the proprietor of the Hummel (M) mark on the basis nobody else had previously used the mark in Malaysia. She was quite entitled to make this claim.

[28] As mentioned above, the main ground of the applicant's application is that the PAVEWAY trademark is descriptive of the goods in which registration is granted. In this regard, learned counsel for the applicant's main submission, as I understand his argument, is that the term 'PAVEWAY' is and has been a descriptive term for the LGB kits in all relevant markets outside Malaysia at the time of the application and registration in Malaysia. He argued that evidence to show a word is descriptive is not limited to use in Malaysia only. He then brought to the attention of this court substantial evidence to show that the term 'PAVEWAY' is descriptive in all relevant markets elsewhere.

[29] Having given the matter the most careful consideration, it seems to me that the submission of learned counsel for the applicant cannot be right. It seems to me clear on principle and on authority that our trademark law is territorial in nature. That this principle has been firmly laid down can be shown in the following cases.

[30] The matter is put by our Court of Appeal in *Lim Yew Sing v Hummel International Sports & Leisure A/S* in these words at p 12:

> Trademark law is very territorial in many aspects. So, it will be useful to keep in the forefront of our minds that, however distasteful it may be for a trader in one country to appropriate the mark of a foreign trader who is using the mark in a foreign country, there is nothing unlawful under the Trade Marks Act 1967 for a Malaysian trader to become the registered proprietor of a foreign mark used for similar goods provided that the foreign mark has not been used at all in Malaysia.

[31] In *Lim Yew Sing v Hummel International Sports & Leisure A/S* our Court of Appeal cited with approval at p 21 the case of *Impex Electrical Ltd v Weinbaum and In the Matter of Trade Marks of Impex Electrical Ltd* [1927] 44 RPC 405, where Tomlin J said:

> For the purposes of seeing whether the mark is distinctive (non-generic), it is to the market of this country alone that one has to have regard. For that purpose foreign markets are wholly irrelevant, unless it be shown by evidence that in fact goods have been sold in this country with a foreign mark on them.

[32] Again in *McLaren International Ltd v Lim Yat Meen* [2007] 7 MLJ 581; [2008] 1 CLJ 613 our Court of Appeal held at p 590 (MLJ); p 625 (CLJ):

> So long as the appellant had yet to use it here prior to the respondent's registration he had every right to act as he did. There was no necessity for the respondent to do the impracticable like scouring the globe and enquiring from those carrying that name or trade name whether they intended to come to Malaysia and register the mark here.

[33] Coming back, to the present case, what then is the test?

[34] Applying those principles to the present case, I agree with the argument of learned counsel for the respondent that because of the territorial nature of our trademark law, the appropriate test is whether the PAVEWAY trademark was generic in Malaysia and not whether the PAVEWAY trademark was generic in other countries. In this regard, an important point which cannot be overlooked is that the applicant has never sold their goods bearing the PAVEWAY name in Malaysia. The applicant has not produced any evidence that in Malaysia the PAVEWAY trademark is perceived to be generic. My conclusion, therefore, from the factual evidence that the PAVEWAY trademark used in connection with the respondent's goods is the only such use in Malaysia, it cannot be said that the PAVEWAY trademark is or has become generic or is descriptive of the goods. In this way, I am not prepared to accept the submission of learned counsel for the applicant that the registered trademark is clearly descriptive of the respondent's goods thus breaching s 10(1)(d) of the Act.

[35] I now turn to consider s 10(e) of the Act, which provides that the trademark must be 'any other distinctive mark'.

[36] Distinctiveness is determined by ascertaining whether the trademark is inherently capable, or by reason of use of the mark or of any other circumstances, capable of distinguishing the goods or services of the proprietor. In this regard s 10(2A) of the Act imposed conditions on 'distinctive' as follows:

> (2A) For the purposes of this section, 'distinctive', in relation to the trade mark registered or proposed to be registered in respect of goods or services, means the trade mark must be capable of distinguishing goods or services with which the

proprietor of the trade mark is or may be connected in the course of trade from goods or services in the case of which no such connection subsists, either generally or, where the trade mark is registered or proposed to be registered, subject to conditions, amendments, modifications or limitations, in relation to use within the extent of the registration.

[37] In summary, for a trademark to be 'capable of distinguishing', it must be inherently distinctive; or factually distinctive. In *Yong Sze Fan & Anor v Sharifah bt Mohd Tamin & Ors* [2008] 7 MLJ 803, Ramly Ali J (as he then was) held at p 817:

> The court is of the view that the mark is distinctive within the meaning of the Trade Marks Act 1976 in that it is capable of distinguishing the goods of the respondents from the goods of other traders. The mark is both inherently and factually distinctive of the respondents in this case. In deciding inherent distinctiveness, the case of *W & G Du Cros Ltd's Application* (1913) 30 RPC 660 can be relied upon. It was held by Lord Parker at p 671 as follows:
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> > The applicant for registration in effect says 'I intend to use this mark as a trademark ie, for the purpose of distinguishing my goods from the goods of other persons', and the registrar or the court has to determine, before the mark is admitted to registration, whether it is such a kind that the applicant, quite apart from the effects of registration, is likely to attain the object he has in view. The applicant's chance of success in this respect, must, I think largely depend upon whether other traders are likely, in the ordinary course of their business and without improper motive, to desire to use the same mark, or some mark closely resembling it, upon or in connection with their own goods.

[38] In the present case, the relevant date at which the registered trademark must be distinctive is at the date of the application of the registered trademark namely, 1 August 2005. Now bearing in mind what I have indicated a moment ago that our trademark law is territorial in nature, in my judgment, the respondent's PAVEWAY trademark is factually distinctive under s 10(2A) of the Act at the time of registration for the following reasons. First, the respondent has been the sole manufacturer selling LGB kits bearing the PAVEWAY trademark to the Malaysian government since 1983; these goods are not available to the general public. Secondly, the respondent was the sole manufacturer selling the goods bearing the PAVEWAY trademark internationally since 1972. Thirdly, the respondent has extensively used and advertised the PAVEWAY trademark in the trademark sense since 1972. Fourthly, the term was adapted to distinguish as the respondent was the only manufacturer to supply LGB kits to the Malaysian government since 1983 and to the US government and internationally since the 1970s. And fifthly, there is no monopoly of a term as manufacturers are free to use other words to brand their LGB kits instead of the PAVEWAY trademark used by the respondent.

[39] Furthermore, I agree with the submission of learned counsel for the respondent that the respondent have taken all steps possible to ensure that the PAVEWAY trademark does not become common and the mark remains inherently distinctive. In my view, therefore there has been no activity or inactivity on the part of the respondent allowing the PAVEWAY trademark to become generic. In *Wembley Gypsum Products Sdn Bhd v MST Industrial Systems Sdn Bhd* [2007] 7 MLJ 193; [2007] 6 CLJ 228 it was alleged that the words 'Pinhole', 'Sakura', 'Fissured' and 'Leopard' were descriptive of the design patterns on the ceiling boards. 'Pinhole' was used to denote a design resembling many pinholes, 'Sakura' denoted a floral design, and 'Fissured' denoted a design consisting of small cracks. The Court of Appeal held that the marks were not generic words and were not descriptive of the products. The marks were allowed to remain on the registry as the mark was substantially new when first used by the plaintiff, who was also the first to sell gypsum ceiling boards using the trademarks before the defendant came into the trade. The evidence has shown that the words are distinctive under s 10(2A) of the Act. Similarly in my view, in the present case, at the time of registration, the PAVEWAY trademark was distinctive, because the respondent was and still is the only manufacturer and distributor of LGB kits in Malaysia. The PAVEWAY trademark would not have caused deception and confusion as the respondent was the only manufacturer and distributor of LGB kits in Malaysia at the time of registration and also at the time these proceedings were initiated.

[40] The result therefore is that the applicant's motion fails and must be dismissed with costs.

Applicant's motion dismissed with costs.

Reported by Kohila Nesan